MIZZI ORGANISATION FINANCE p.l.c.

Annual Report and Financial Statements
31 December 2011

Company Registration Number: C 29506

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Directors' report

The directors present their report and the audited financial statements for the financial year ended 31 December 2011.

Principal activity

The company's principal activity, which is unchanged since last year, is to carry on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of the companies forming part of the Mizzi Organisation.

Review of the business

Interest income earned on advances to companies forming part of the Mizzi Organisation and bank interest income totalled €2,070,947 (2010: €2,225,717), while interest payable and similar charges on the bonds issued and bank amounted to €1,959,964 (2010: €2,096,501). The profit for the year before taxation amounted to €16,635 (2010: €17,229). For the forthcoming year, the directors expect that the present level of activity will be sustained.

During the current year, the company has made the first allotment to the sinking fund, in accordance with the prospectus of the 2009 bond issue. By the date of maturity of the bonds, the value of the sinking fund should be equivalent to at least 50% of the value of the bonds issued.

Results and dividends

The financial results are set out on page 13. During the financial years ended 2011 and 2010, the directors did not recommend the payment of a dividend.

Directors

The directors of the company who held office during the year were:

Dr John C. Grech (Chairman)
Dr Louis Camilleri Preziosi
Brian R. Mizzi
Kenneth C. Mizzi
Maurice F. Mizzi
Carmel J. Farrugia

The company's Articles of Association do not require any directors to retire. The directors will be eligible for re-appointment on the lapse of the period for which they were appointed in accordance with the company's Articles of Association.

Statement of directors' responsibilities for the financial statements

The directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

Directors' report - continued

Statement of directors' responsibilities for the financial statements - continued

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Mizzi Organisation Finance p.l.c. for the year ended 31 December 2011 are included in the Annual Report 2011, which is published in hard-copy printed form and made available on the Mizzi Organistion website (www.mizziorganisation.com). The directors of the entities constituting the Mizzi Organisation are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the organisation's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

The directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the company as at 31 December 2011, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that the company faces.

Going concern basis

After making due enquiries, the directors have a reasonable expectation, at the time of approving the financial statements, that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

Dr John C. Grech
Chairman

Maurice F. Mizzi
Director

Registered office:
Mizzi Organisation Corporate Office
Testaferrata Street
Ta' Xbiex
Malta

Company secretary:
Hugh Mercieca

Telephone Number:
+356 21233111

30 April 2012

Statement of compliance with the Principles of Good Corporate Governance

1. Introduction

Pursuant to the Listing Rules issued by the Listing Authority, Mizzi Organisation Finance p.l.c. (the "Company") should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Listing Rules (the "Code"). In terms of Listing Rule 5.94, the Company is hereby reporting on the extent of its adoption of the Code and on the effective measures it has taken to ensure compliance throughout the accounting period with the requirements of the Principles which were applicable during the financial year ended 31 December 2011.

The Company acknowledges that the Code does not dictate or prescribe mandatory rules, but recommends principles of good practice. However, the directors strongly believe that such practices are in the best interests of the company, its shareholders and other stakeholders, primarily because compliance with principles of good corporate governance is expected by investors on the Malta Stock Exchange and evidences the directors' and the Company's commitment to a high standard of corporate governance.

The directors report that since Mizzi Organisation Finance p.l.c. is a company that only issues debt securities and has not issued equity securities which are traded in a multilateral trading facility, it is exempt from disclosing the information prescribed in Listing Rules 5.97.1, 5.97.2, 5.97.3, 5.97.6 and 5.97.7 in this corporate governance statement (the "Statement"). It is in the light of these factors that the directors are herein reporting on the corporate governance of the Company.

2. General

The primary responsibility for good corporate governance lies in the Company's board of directors. The Company's principal activity is to act as a finance company to the Mizzi Organisation, and as such its operations are limited to monitoring the status of loans made available to related companies from the proceeds of the bonds issued to the public and listed on the Malta Stock Exchange.

The directors are aware that the Code highlights principles which although of general application to listed companies are adaptable by each company depending on its particular circumstances. Those circumstances are more often than not determined by two factors, namely: (i) the specific nature of the business of the company itself; and (ii) the fact that whilst certain principles in the Code are applicable to companies whose equity securities are listed on the Stock Exchange, they are not altogether applicable, or not applicable in the same manner, to companies, that fall within the definition of a listed company by virtue of having issued debt instruments which are listed on the Malta Stock Exchange. Accordingly, the operations of the Company are very limited and the directors believe that the adoption of certain structures and other mechanisms which may well be appropriate for a company having more extensive activities or operations, not only are not appropriate for the Company, but could well have the adverse effect of unnecessarily increasing the costs of administration without adding much benefit from a corporate governance perspective. In this context, the directors believe that the Company's current organisational set up guarantees, the proper and efficient functioning of the Company and provides adequate corporate governance safeguards.

Generally the Board is of the opinion that, in the context of the applicability of the various principles of the Code to a company having listed debt securities, and in the context of the Company's limited business operations, the Company has substantially been in compliance with the Code throughout the financial year under review, as explained in this Statement. The Board shall keep these principles under review and shall monitor any developments in the Company's business to evaluate the need to introduce new corporate governance structures or mechanisms as and when the need arises.

This Statement sets out the structures and processes in place within the Company and how these effectively achieve the goals set out in the Code for the financial period under review. For this purpose, this Statement will make reference to the pertinent principles of the Code and then set out the manners in which the Directors believe that these have been adhered to.

Statement of compliance with the Principles of Good Corporate Governance - continued

For the avoidance of doubt, reference in this Statement to compliance with the principles of the Code means compliance with the Code's main principles and the Code Provisions.

3. Compliance with the code

Principles One to Five

Principles One to Five of the Code deal fundamentally with the role of the Board and of the Directors

The Directors believe that for the current financial year the Company has generally complied with the requirements for each of these principles.

Principle One

The Directors have throughout the period under review provided the necessary leadership in the overall direction of the Company. The Directors hereby report that they have consistently attended meetings of the Board, have kept themselves updated with statutory and regulatory requirements and the business of the Company and have performed the responsibilities delegated to them to ensure the smooth running and better management of the Company.

Principle Two

The Directors report that this Code Provision 2.1 is not applicable to the Company because the Company has not appointed a Chief Executive Officer (the "CEO"). The function of the Chairman is to lead the Board and in this respect the Board believes that the Chairman performs its role in accordance with the dictates of Code Provision 2.2.

Principle Three

The Company is directed and managed directly by the Board at its regular meetings. The Board is composed of a chairman and five non-executive directors, two of whom are independent directors from outside the Mizzi Organisation. The members of the Board for the year under review were Dr John C. Grech, Mr Carmel J. Farrugia, Dr Louis Camilleri Preziosi, Mr Kenneth Mizzi, Mr Brian Mizzi and Mr Maurice Mizzi. The Board is composed exclusively of non-executive directors, and the Company does not have any other executive officers or committees save the audit committee to whom any executive or other functions are delegated, apart from the company secretary. In view of the restricted nature of its business, the Board deals with the company's business directly and does not consider it necessary to have an executive structure to which it can delegate any of its functions.

In this respect, the Directors consider that the company is headed by an effective Board and its members provide a mix of proficient directors, each of whom is able to add value and to bring independent judgment to bear on the decision-making process. Apart from being conducive to good corporate governance, this structure provides, in the Board's view, the added benefits of direct control and management of the company's affairs, together with an effective centralisation of the decision-making process.

Statement of compliance with the Principles of Good Corporate Governance - continued

The Board considers that Mr Carmel J. Farrugia and Dr Louis Camilleri Preziosi are the two independent Directors of the Company, and hereby reports that neither of them:

a) are or have been employed in any capacity by the Company;
b) have or have had, over the past three years, a significant business relationship with the Company;
c) have received or receives significant additional remuneration from the Company in addition to its director's fee;
d) have served on the Board for more than twelve consecutive years;
e) have been within the last three years an engagement partner or a member of the audit team or past external auditor of the Company; and

Each of the Directors hereby declares that he undertakes to:
a) maintain in all circumstances his independence of analysis, decision and action;
b) not to seek or accept any unreasonable advantages that could be considered as compromising his independence; and
c) clearly express his opposition in the event that he finds that a decision of the Board may harm the Company.

Principle Four

The Board reports that in view of the restricted business of the Company, the Company does not have any new business plans or strategies and its main function remains that of monitoring the loans receivable from companies forming part of the Mizzi Organisation. In this context, the Board believes that through its regular meetings it is in a position to properly monitor the financial position and business of the company. The Company does not have any written succession policy to Board membership.

Principle Five

The Board convenes regularly, normally every two to three months, and allows proper and equal opportunity to all directors to voice and express their views on matters relating to the Company and its business. During the current year, the Board met six times and the number of meetings attended by each director were as follows:

Dr John C. Grech	6 times
Dr Louis Camilleri Preziosi	5 times
Brian R. Mizzi	4 times
Kenneth C. Mizzi	3 times
Maurice F. Mizzi	6 times
Carmel J. Farrugia	6 times

Principle Six

Principle Six of the Code deals with information and professional development

The Board believes that this principle has been duly complied with for the period under review but reports that Code Provisions 6.4 and 6.5 are not applicable to the Company because a CEO has not been appointed. The Company is committed to provide adequate and detailed induction training to directors who are newly appointed to the Board. The company pledged to make available to the directors all training and advice on a requirements basis, including regular attendance at courses on matters which are important to the execution of the role of directors.

Statement of compliance with the Principles of Good Corporate Governance - continued

The Company is committed to providing the Board with accessibility to independent professional advice at the expense of the Company whenever necessary. Moreover, the Company and its Board rely also on the advice and services provided by the company secretary.

Principle Seven

Principle Seven of the Code deals with an evaluation of the Board's performance

The Board is of the opinion that the directors of the Company hold the necessary skills and expertise to perform their duties and have always undertook their functions in accordance with the required levels of skill and diligence. The Board has not undertaken a specific review of its own performance for the financial year under review.

Principle Eight A

Principle Eight A of the Code deals with the establishment of a remuneration committee for the Company aimed at developing policies on remuneration for Directors and senior executives and devising appropriate remuneration packages

The Board believes that because of the circumstances of the Company, the establishment of a Remuneration Committee is unwarranted. Indeed, save for the remuneration of the independent non-executive directors, the Company does not pay any remuneration to any of its directors. The directors believe that since the Board is composed exclusively of non-executive directors, and that directors' remuneration consists solely of the remuneration payable to the independent directors, the need to formally set up a Remuneration Committee does not arise. This belief is founded on the premise that the raison d'être of establishing a Remuneration Committee is that of avoiding a situation where executive directors participate in the determination of their own remuneration packages. Given that there are no executive directors, executives or employees within the Company and remuneration paid is attributable solely to the independent directors, the establishment of a Remuneration Committee would add no value to the corporate governance structures of the Company.

The Board discusses, reviews and approves the remuneration arrangements of the independent directors at least on an annual basis taking cognisance of the contribution of the individual director and effectiveness achieved. The aggregate amount of remuneration received by independent directors per annum is that of €14,500. The remuneration policy of the Board is expected to remain in line with that adopted during the financial year ended 31 December 2011.

Principle Eight B

Principle Eight B of the Code deals with the formal and transparent procedure for the appointment of Directors

Pursuant to the Company's Articles of Association, the appointment of the directors to the Board is reserved exclusively to the Company's shareholders. Within this context, the Board believes that the setting up of a Nomination Committee is not required. Notwithstanding this, the Board will retain under review the issue relating to the setting up of a Nominations Committee.

Statement of compliance with the Principles of Good Corporate Governance - continued

Principle Nine

Principles Nine deals with relations with shareholders and with the market

The Board believes that the Company is compliant with these principles. The Company communicates effectively with shareholders through shareholder meetings, and also maintains contact with the market through its Company announcements. In addition, the Board believes that the activities and practices recommended by the Principles of the Code with respect to this area are less applicable to the Company since it has no equity securities listed on a Recognised Investment Exchange.

During the annual general meeting, the Board communicates directly with shareholders on the performance of the Company over the last financial year and informs shareholders of the challenges that lie ahead. Business at the Company's annual general meeting covers the approval of the Annual Report and Audited Financial Statements, the declaration of dividends, if any, the election of Directors, the approval of the reports of the directors and the auditor, the appointment of the auditor and the fixing of the remuneration of directors and of the auditor.

The Company's website (www.mizziorganisation.com) is also a means through which the market may be informed about the Company and its business.

Principle Ten

Principle Ten deals with institutional shareholders

The directors hereby report that the requirements of this Principle do not apply to the circumstances of the Company.

Principle Eleven

Principle Eleven deals with conflicts of interest and the principle that Directors should always act in the best interests of the Company

The Directors consider that the Board properly serves the legitimate interests of all shareholders and is accountable to all shareholders, particularly through the representation of the shareholders on the Board itself. The Board intends to ensure that the Company communicates with shareholders effectively not only through the general meetings but also through the individual directors on a regular basis. The Board has adopted rules such that directors having conflicts of interest on any matter being discussed at Board level disclose the conflict in a timely manner to the Board and the director so conflicted will thus not be allowed to vote on such matters. In view of the nature of the Company's business no such conflicts have occurred during the year under review. The Board believes that these circumstances and required practices are aimed more at companies having listed equity instruments.

Principle Twelve

Principle Twelve encourages Directors of listed companies to adhere to accepted principles of corporate social responsibility

The directors aim to adhere to accepted principles of corporate social responsibility in day to day practices, within the limited scope of the Company's business.

Statement of compliance with the Principles of Good Corporate Governance - continued

4. THE AUDIT COMMITTEE

The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structures. The Audit Committee reports directly to the board of directors. The Committee is at all times accountable to the Board and through its Chairman reports to the Board on a regular basis.

The role of the Committee is determined principally by the Listing Rules. In essence, it is entrusted with the task of ensuring that the Company has the appropriate measures in place to identify, manage, minimise and control its risks. Furthermore, it has the authority to make recommendations to the Board in relation to the appointment of the external auditors, and to approve the remuneration and terms of engagement of the auditors.

The Committee shall be required to advise the board of directors on the following matters:

a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
b) maintaining communications on such matters between the Board, management and the independent auditors; and
c) preserving the company's assets by understanding the company's risk environment and determining how to deal with those risks.

In the discharge of this role, but without prejudice to the generality of the foregoing, the Committee shall, *inter alia*, have the responsibility:

a) to review the significant financial reporting issues and judgments made in connection with the preparation of the company's financial statements, interim reports, preliminary announcements and related formal statements. The Audit Committee should also review the clarity and completeness of disclosures in the financial statements;
b) to review the company's internal financial controls and internal control and risk management systems;
c) to consider annually whether there is a need for an internal audit function and make a recommendation to the Board;
d) to make recommendations to the Board in relation to the appointment of the external auditors and to approve the remuneration and terms of engagement of the external auditors with the aim of requesting shareholder approval;
e) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
f) to make proposals for the development and implementation of a policy on the engagement of the external auditors to provide non-audit services to the company; and
g) unless dealt with in any other manner, to monitor and scrutinise related party transactions falling within the ambits of the Listing Rules and to make its recommendations to the Board on any proposed related party transactions falling within the scope of the Listing Rules.
h) to review the capacity of the parent company and related parties to repay the loans advanced by the Company when these become due.

Statement of compliance with the Principles of Good Corporate Governance - continued

The Audit committee was constituted following the 2009 bond issue. During the current financial year, and up to the date of authorisation for issue of this report, the Committee has met five times.

The Committee is composed of the following non-executive directors of the Company:

a) Carmel J. Farrugia, Chairman of the Committee
b) Dr John C. Grech, Chairman of the Company
c) Kenneth C. Mizzi

The board of directors, in terms of listing rule 5.117 considers Mr Carmel J. Farrugia to be independent, because he is free from any business or family relationships with the company and the shareholders, and competent in accounting in view of his considerable experience in senior management positions.

5. INTERNAL CONTROL

The Board is ultimately responsible for the internal control of the Company. The Audit Committee also reviews the systems of internal control of the Company. The Board is of the view that in the context of the nature of the Company's business and its organisational set-up, the Company does not require sophisticated internal control systems and reporting systems to ensure that the decision-making process at Board level is adequate. The current systems are, in the opinion of the Board, appropriate for the Company's current level of operations. The Company does not have a CEO, nor does the Company have any employees. The Board sustains that in the light of the current level of activities of the Company, the Board itself is adequately equipped to direct and manage all operations of the Company, with the assistance of outside advisors as necessary, but without the need of appointing a CEO or any other personnel.

The audit committee also undertakes responsibility in monitoring the build up of the sinking fund, which by the date of maturity of the bonds, the value of this fund should be equivalent to at least 50% of the value of the bonds issued, and that is also in accordance with the prospectus of the 2009 bond issue.

Approved by the Board on 30 April 2012 and signed on its behalf by:

Dr John C. Grech
Chairman

Maurice F. Mizzi
Director

pwc

Independent auditor's report

To the Shareholders of Mizzi Organisation Finance p.l.c.

Report on the Financial Statements for the year ended 31 December 2011

We have audited the financial statements of Mizzi Organisation Finance p.l.c. on pages 12 to 33, which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
As explained more comprehensively in the Statement of directors' responsibilities for the financial statements on pages 1 and 2, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion the financial statements

- give a true and fair view of the financial position of the company as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

Independent auditor's report - continued

Report on Other Legal and Regulatory Requirements for the year ended December 2011

Report on the Statement of Compliance with the Principles of Good Corporate Governance
The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 3 to 9 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

Matters on which we are required to report by exception
We also have responsibilities under the Maltese Companies Act, 1995 to report to you if, in our opinion:

- The information given in the directors' report is not consistent with the financial statements.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

PricewaterhouseCoopers

167 Merchants Street
Valletta
Malta

F Axisa

Fabio Axisa
Partner

30 April 2012

Statement of financial position

	Notes	As at 31 December 2011 €	2010 €
ASSETS			
Non-current assets			
Loans and advances	4	**29,745,462**	28,075,462
Other financial assets	5	**428,484**	-
Total non-current assets		**30,173,946**	28,075,462
Current assets			
Loans and advances	6	**-**	1,670,000
Receivables	7	**165,340**	176,012
Cash and cash equivalents	8	**211,959**	90,115
Total current assets		**377,299**	1,936,127
Total assets		**30,551,245**	30,011,589
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	**232,937**	232,937
Retained earnings		**265,023**	248,408
Total equity		**497,960**	481,345
Non-current liabilities			
Borrowings	10	**29,402,296**	29,302,346
Other financial liabilities	11	**428,484**	-
Total non-current liabilities		**29,830,780**	29,302,346
Current liabilities			
Payables	12	**222,505**	227,898
Total liabilities		**30,053,285**	29,530,244
Total equity and liabilities		**30,551,245**	30,011,589

The notes on pages 16 to 33 are an integral part of these financial statements.

The financial statements on pages 12 to 33 were authorised for issue by the Board on 30 April 2012 and were signed on its behalf by:

Dr John C. Grech
Chairman

Maurice F. Mizzi
Director

Statement of comprehensive income

		Year ended 31 December	
	Notes	**2011**	2010
		€	€
Interest receivable	13	**2,070,947**	2,225,717
Interest payable and similar charges	14	**(1,959,964)**	(2,096,501)
Net interest income		**110,983**	129,216
Administrative expenses	15	**(94,348)**	(111,987)
Profit before tax		**16,635**	17,229
Tax expense	16	**(20)**	(196)
Profit for the year – total comprehensive income		**16,615**	17,033
Earnings per share	18	**16.62**	17.03

The notes on pages 16 to 33 are an integral part of these financial statements.

Statement of changes in equity

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2010	232,937	231,375	464,312
Comprehensive income			
Profit for the year			
- total comprehensive income	-	17,033	17,033
Balance at 31 December 2010	232,937	248,408	481,345
Comprehensive income			
Profit for the year			
- total comprehensive income	-	16,615	16,615
Balance at 31 December 2011	**232,937**	**265,023**	**497,960**

The notes on pages 16 to 33 are an integral part of these financial statements.

Statement of cash flows

		Year ended 31 December	
	Notes	**2011** **€**	2010 €
Cash flows from operating activities			
Interest received		**2,081,534**	2,214,195
Interest paid		**(1,862,291)**	(2,096,092)
Cash paid to service providers		**(97,379)**	(396,562)
Tax paid		**(20)**	(196)
Net cash generated from/(used in) operating activities		**121,844**	(278,655)
Cash flows from investing activities			
Loans granted to parent company	4, 6	**(100,000)**	(85,000)
Repayments of loans to parent company	6	**100,000**	3,999,382
Net cash generated from investing activities		**-**	3,914,382
Cash flows from financing activities			
Repayment of 2002 bonds	10	**-**	(3,649,382)
Net movement in cash and cash equivalents		**121,844**	(13,655)
Cash and cash equivalents at beginning of year		**90,115**	103,770
Cash and cash equivalents at end of year	8	**211,959**	90,115

The notes on pages 16 to 33 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These financial statements are prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Companies Act, 1995. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgment in the process of applying the company's accounting policies (see Note 3 – Critical accounting estimates and judgments).

Standards, interpretations and amendments to published standards effective in 2011

In 2011, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2011. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the company's accounting periods beginning after 1 January 2011. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

1.2 Foreign currencies

(a) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1. **Summary of significant accounting policies** - continued

1.3 Financial assets

Classification
The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise loans and advances, receivables and cash and cash equivalents in the statement of financial position (Notes 1.4, 1.5 and 1.6).

Recognition and measurement
The company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets classified within the loans and receivables category are recognised on settlement date, which is the date on which an asset is delivered to or by the company. Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

Impairment
The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists. The criteria that the company uses to determine that there is objective evidence of an impairment loss include:
- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of receivables is described in note 1.5.

1. Summary of significant accounting policies - continued

1.4 Loans and advances

Under the requirements of IAS 39, the company's loans and advances, consisting in the main of advances to its parent company and other related parties, are classified as loans and receivables, unless the company has the intention of trading the asset immediately or in the short-term, in which case the loans and advances are categorised as instruments held-for-trading.

All loans and advances are recognised when cash is advanced to the borrowers. Loans and receivables are initially recognised at the fair value of cash consideration given or proceeds advanced, plus transaction costs. These financial assets are subsequently carried at amortised cost using the effective interest method. The company assesses at the end of each reporting period whether there is objective evidence that loans and advances are impaired.

1.5 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Receivables also include amounts deposited with Trustee, which represent hire purchase bills of exchange receivable from a related party. Such bills of exchange are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method, whereby the fair value of the bills of exchange is adjusted for the recognition of imputed interest income.

1.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of the financial position at face value. In the statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks.

1.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1. Summary of significant accounting policies - continued

1.8 Financial liabilities

The company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IAS 39. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.9 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.12 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1. Summary of significant accounting policies - continued

1.13 Interest income and expense

Interest income and expense are recognised in profit or loss for all interest-bearing financial instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Accordingly, interest expense includes the effect of amortising any difference between net proceeds and redemption value in respect of the company's interest-bearing borrowings.

1.14 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

2. Financial risk management

2.1 Financial risk factors

The company's activities potentially expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company did not make use of derivative financial instruments to hedge certain risk exposures during the financial periods ended 31 December 2011 and 2010.

The Board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The company is not exposed to foreign exchange risk because its principal assets and liabilities, comprising loans to related parties (Notes 4 and 6), other non-current financial assets (Note 5), other receivables (Note 7) and borrowings (Note 10), are denominated in euro. The company's interest income, interest expense and other operating expenses are also denominated in euro. Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

2. Financial risk management - continued

(ii) Fair value interest rate risk

In view of the nature of its operations, the company's transactions mainly consist of earning interest income on advances effected, principally from the bond issue proceeds, and servicing its borrowings. The company's significant interest-bearing instruments, comprising advances to the parent company and other related parties and bonds issued to the general public, are subject to fixed interest rates. The company has secured a spread between the return on its investments and its cost of borrowing. Accordingly the company is not exposed to cash flow interest rate risk but is potentially exposed to fair value interest rate risk in view of the fixed interest nature of its instruments, which are however measured at amortised cost. The company's operating income and cash flows are substantially independent of changes in market interest rates and on this basis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be insignificant.

(b) Credit risk

Credit risk arises from loans and advances to related parties (Notes 4 and 6), other non-current financial assets (Note 5), cash and cash equivalents (Note 8) and other receivables (Note 7), which constitute the company's loans and receivables category for IAS 39 categorisation purposes. The company's exposures to credit risk are analysed as follows:

	2011	2010
	€	€
Loans and receivables category:		
Loans to parent company and other related parties	**29,745,462**	29,745,462
Other non-current financial assets	**428,484**	-
Other receivables	**165,340**	176,012
Cash and cash equivalents	**211,959**	90,115
	30,551,245	30,011,589

The maximum exposure to credit risk at the end of the reporting period in respect of these financial assets is equivalent to their carrying amount.

The company's loans and advances consist of advances to related parties forming part of the Mizzi Organisation (see Note 19), which advances have been effected out of the 2002 and 2009 bond issue proceeds. The company monitors intra-group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The company's collateral held as security in respect of the financial assets originating from the 2002 bond issue is disclosed in Note 4 to the financial statements. The guarantors in respect of these assets comprise the borrowers themselves and another company forming part of the Mizzi Organisation. The company assesses the credit quality of these related parties taking into account financial position, performance and other factors. The company takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

2. **Financial risk management** - continued

Other non-current financial assets reflect the acquisition of bills of exchange drawn in favour of a related party forming part of Mizzi Organisation, with full rights of recourse. The related party will remit without any delay proceeds received with respect to the bills acquired. Accordingly, management does not expect any losses from non-performance or default.

The company's other receivables mainly include interest receivable from the company's parent and other related parties in respect of the advances referred to previously. The company banks only with local financial institutions with high quality standing or rating.

At the end of the reporting periods, the company had no past due or impaired financial assets.

(c) Liquidity risk

The company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which mainly comprise borrowings (Note 10), other non-current financial liabilities (Note 11) and other current payables (Note 12). Prudent liquidity risk management includes maintaining sufficient cash and liquid assets to ensure the availability of an adequate amount of funding to meet the company's obligations.

The company's liquidity risk is managed actively by ensuring that cash inflows arising from expected maturities of the company's advances to related parties effected out of the bond issue proceeds, match cash outflows in respect of the company's bond borrowings, covering principal and interest payments, as referred to in Note 10 and reflected in the table below. During the financial year ended 31 December 2011, the repayment terms of the company's advances have been modified taking cognisance of the obligations arising from the 2009 bond issue to repay the bond holders on the specified repayment dates. In accordance with the terms and conditions stipulated in the Prospectus for the 2009 bonds, with effect from the current financial year, the company has set up a sinking fund with the objective of channelling a regular stream of cash flows to fund the 2009 bond interest and capital repayment obligations.

The table below analyses the company's principal financial liabilities into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date, on the assumption that the 2009 bonds will be redeemed at the latest optional redemption date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

2. Financial risk management - continued

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
At 31 December 2011					
Borrowings	1,860,000	1,860,000	5,580,000	35,580,000	44,880,000
Other financial liabilities	-	166,200	334,161	-	500,361
Payables	222,505	-	-	-	222,505

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
At 31 December 2010					
Borrowings	1,860,000	1,860,000	5,580,000	37,440,000	46,740,000
Payables	227,898	-	-	-	227,898

2.2 Capital risk management

The group's objectives when managing capital at subsidiary level are to safeguard the respective company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may issue new shares or adjust the amount of dividends paid to shareholders.

The company's equity, as disclosed in the statement of financial position, constitutes its capital. The company maintains its level of capital by reference to its financial obligations and commitments arising from operational requirements. Taking cognisance of the nature of the company's assets, together with collateral held as security, backing the company's principal borrowings, the capital level at the end of the reporting period is deemed adequate by the directors.

2.3 Fair values of financial instruments

At 31 December 2011 and 2010, the carrying amounts of cash at bank, receivables, payables and accrued expenses approximated their fair values due to the nature or short-term maturity of these instruments. The fair values of the loans and advances subject to fixed interest rates together with other non-current financial assets and liabilities were not significantly different from their carrying amounts at the end of the reporting period based on discounted cash flows using market interest rates prevailing at 31 December. Information on the fair value of the company's interest-bearing borrowings is disclosed in the respective note to the financial statements.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Loans and advances: non-current amounts

	Loans to parent company €	Loans to other related parties €	Total €
Non-current portion of advances outstanding as at 1 January 2011	23,963,557	4,111,905	28,075,462
Reclassification of advances upon rescheduling of loan repayments (see Note below)	1,425,978	244,022	1,670,000
Non-current portion of advances outstanding as at 31 December 2011	**25,389,535**	**4,355,927**	**29,745,462**
Non-current portion of advances outstanding as at 1 January 2010	25,304,535	4,355,927	29,660,462
Advances effected during the year	85,000	-	85,000
Less: Current portion of advances (amounts becoming repayable within one year as at 31 December 2010 – see Note 6)	(1,425,978)	(244,022)	(1,670,000)
Non-current portion of advances outstanding as at 31 December 2010	23,963,557	4,111,905	28,075,462

The proceeds of the 2002 bond issue (see Note 10) had been advanced by the company to Consolidated Holdings Limited, Kastell Limited and Mizzi Holdings Limited for the principal purposes of re-financing existing banking facilities of the respective company or of an operating subsidiary of that company, and for the general corporate funding purposes of the companies mentioned above or of operating subsidiaries of these companies. Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, the guarantors in respect of the company's bond issue, have jointly and severally between themselves and with the respective borrower irrevocably undertaken under each loan agreement with the issuer to repay all interest and principal amounts that will become due and payable by the borrower to Mizzi Organization Finance p.l.c. pursuant to the loans. Mizzi Holdings Limited is the company's parent, whilst Consolidated Holdings Limited, Kastell Holdings Limited and The General Soft Drinks Limited are related parties forming part of the Mizzi Organisation.

The actual net proceeds of the 2009 bond issue have been advanced to Mizzi Holdings Limited. Advances in this respect amounted to €9,830,000. The net bond proceeds were firstly utilised to repay any amounts due by the issuer with respect to the 2002 bonds. The resultant amount of the proceeds which remained available to the issuer has been utilised to partly refinance existing borrowings in relation to the construction of the General Soft Drinks factory and other capital expenditure.

Interest on all advances is payable six monthly in arrears on 31 May and 30 November of each year.

4. Loans and advances: non-current amounts - continued

All advances, apart from advances to Mizzi Holdings Limited referred to above amounting to €9,830,000, were subject to interest at the fixed rate of 7.45% per annum until 31 May 2010 and 6.95% thereafter. The advances amounting to €9,830,000 were subject to interest at 6.95% during the financial year ended 31 December 2010. With effect from 1 January 2011, all advances are subject to a fixed interest rate of 6.95%.

During the current financial year, the repayment terms of these advances have been rescheduled taking cognisance of the issuer's contractual obligations under the bonds. The advances, which as at 31 December 2010 were subject to a repayment schedule over the period to 30 November 2019, are repayable in full on 30 November 2019 under the revised terms.

The maturity or repayment terms of the advances as at 31 December 2010, prior to rescheduling, were as follows:

	Loans to parent company €	Loans to other related parties €	Total €
Within 1 year	1,425,978	244,022	1,670,000
After more than 1 year:			
Between 1 and 2 years	1,425,978	244,022	1,670,000
Between 2 and 5 years	6,772,082	1,164,010	7,936,092
Over 5 years	15,765,498	2,703,872	18,469,370
	23,963,558	4,111,904	28,075,462
	25,389,536	4,355,926	29,745,462

5. Other financial assets

During the current financial year, the company entered into a financial arrangement with United Acceptances Finance Limited, a related party forming part of Mizzi Organisation, for the acquisition by Mizzi Organisation Finance p.l.c. of bills of exchange drawn in favour of this related party. These bills of exchange, which would cover receivables financed by United Acceptances Finance Limited in the ordinary course of its activities as a finance house to all companies within the Mizzi Organisation, are acquired with full rights of recourse. Accordingly, these acquisitions are accounted for as collateralised advances i.e. loans or financial assets secured by bills of exchange in accordance with the requirements of IFRSs. United Acceptances Finance Limited will service and administer the accounts in relation to which bills of exchange are transferred and will remit without any delay to Mizzi Organisation Finance p.l.c. proceeds received with respect to bills acquired by the latter. The related party has undertaken to replace bills of exchange acquired with an equivalent amount upon their maturity and ultimately to provide the full cash proceeds designated on the face of the bills when the issuer redeems the bonds, in whole or in part, on the Redemption Dates (refer to Note 10).

5. Other financial assets - continued

The company resolved to utilise the bills of exchange acquired in the manner outlined above to set up the sinking fund earmarked for the eventual repayment of the bonds (see Note 10). The bills of exchange are accordingly held by an authorised trustee that is independent of the issuer and the Mizzi Organisation.

The bills of exchange have been acquired from United Acceptances Finance Limited at their fair value, which is constituted by the face value of the bills deducting therefrom the future interest element of the face amount which would not have accrued yet. The carrying amount of the financial assets resulting from the acquisitions is equivalent to their fair value and analysed as follows:

	€
Face value of bills of exchange acquired	500,361
Interest component of bills of exchange	(71,877)
Fair value of assets acquired	**428,484**

These assets are subject to an effective interest rate of of 8%. The bills of exchange acquired mature between 2013 and 2016 as follows:

	Fair value €	Face amount €
2013	131,464	166,200
2014	134,094	157,288
2015	120,203	131,902
2016	42,723	44,971
	428,484	500,361

By the maturity date of the company's bonds, the value of the sinking fund should be equivalent to at least 50% of the amount of the bonds issued, with a view to setting up a cash reserve over the term of the bonds to fund part of the redemption proceeds on redemption date. The issuer has reviewed the manner in which the sinking fund should be established and intends to allocate cash inflows to the sinking fund utilising the following schedule:

	€
Within 1 year	500,000
Between 1 and 2 years	1,000,000
Between 2 and 5 years	5,000,000
Over 5 years (up to 2019)	8,000,000

6. Loans and advances: current amounts - continued

	Loans to parent company €	Loans to other related parties €	Total €
Balance as at 1 January 2011	1,425,978	244,022	1,670,000
Advances effected during the year	100,000	-	100,000
Repayments received during the year	(100,000)	-	(100,000)
Reclassification of advances upon rescheduling of loan repayments	(1,425,978)	(244,022)	(1,670,000)
Balance as at 31 December 2011	**-**	**-**	**-**
Balance as at 1 January 2010	3,999,382	-	3,999,382
Repayments received during the year	(3,999,382)	-	(3,999,382)
Current portion of advances (amounts becoming repayable within one year as at 31 December 2010 – see Note 4)	1,425,978	244,022	1,670,000
Balance as at 31 December 2010	1,425,978	244,022	1,670,000

7. Receivables

	2011 €	2010 €
Current		
Interest receivable from parent company	**150,458**	149,868
Interest receivable from other related parties	**14,462**	25,712
Prepayments and accrued income	**420**	432
	165,340	176,012

The repayment of amounts owed to the company in respect of interest receivable is secured in the manner disclosed in Note 4 to the financial statements.

8. Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	2011 €	2010 €
Cash at bank	**211,959**	90,115

9. Share capital

	2011 €	2010 €
Authorised		
5,000 (2010: 5,000) ordinary shares of €232.937340 each	**1,164,687**	1,164,687
Issued and fully paid		
1,000 (2010: 1,000) ordinary shares of €232.937340 each	**232,937**	232,937

10. Borrowings

	2011 €	2010 €
Non-current		
300,000 6.2% bonds 2016 - 2019 issued in 2009	**29,402,296**	29,302,346

By virtue of the Prospectus dated 29 October 2009, the company issued for subscription by the general public 250,000 bonds for an amount of €25,000,000, with an over-allotment option of another 50,000 for a maximum amount of €5,000,000, which was exercised in full as a result of over-subscriptions. The bonds have a nominal value of €100 per bond and have been issued at par, other than 18,840 bonds subscribed by Mizzi Applicants which have been issued at the Mizzi Applicants' Bond Issue Price of €97.50 per bond. Mizzi Applicants comprise members of the Mizzi family and employees of companies within the Mizzi Organisation.

The bonds are subject to a fixed interest rate of 6.2% per annum payable six monthly in arrears on 31 May and 30 November in each year.

All bonds are redeemable at par (€100 for each bond) and at the latest are due for redemption on 30 November 2019. The bonds are redeemable in whole or in part at the company's sole discretion on any date falling between and including 30 November 2016 and 30 November 2019 (Early Redemption Date/s).

Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, the guarantors, are jointly and severally with the company and between themselves, guaranteeing the repayment of the nominal value of the bonds on the redemption date and of the interest amounts of the bonds on each interest payment date. The guarantors irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the company under the bonds.

In accordance with the terms and conditions specified in the Prospectus, the company has commenced the allocation of funds to a sinking fund with effect from the financial year ended 31 December 2011 (see Note 5). The value of the sinking fund should be equivalent to at least 50% of the value of the bonds issued, with a view to setting up a cash reserve from the guarantors' annual net cash inflows from operating activities to fund part of the redemption proceeds on the redemption date.

The 2002 bond proceeds had been advanced to the guarantors for the purposes outlined in Note 4 to the financial statements, pursuent to, and subject to, the terms and conditions in the offering memorandum dated 2 May 2002, as amended by a supplementary agreement.

10. **Borrowings** - continued

Under the terms and conditions of the 2009 Prospectus, 2002 bondholders could surrender their 2002 bonds in exchange for 2009 bonds. The actual net proceeds from the bond issue, which had been advanced to Mizzi Holdings Limited, were firstly utilised to repay any amounts due by the issuer with respect to the 2002 bonds. The resultant amount of the proceeds which remained available to the issuer has been utilised to partly refinance existing borrowings in relation to the construction of the General Soft Drinks factory and other capital expenditure (refer to Note 4).

The 2009 bonds have been admitted to the Official List of the Malta Stock Exchange. The quoted market price of the bonds at 31 December 2011 was 103.00 (2010: 104.01), which in the opinion of the directors fairly represented the fair value of these financial liabilities.

At the end of the reporting period, bonds having a face value of €292,300 (2010: €292,300) were held by company directors, and bonds with a face value of €580,900 (2010: €588,800) were held by other officers of companies forming part of the Mizzi Organisation and close family members of these individuals.

The bonds are measured at the amount of net proceeds adjusted for the amortisation of the difference between net proceeds and the redemption value of the bonds using the effective interest method as follows:

	2011	2010
	€	€
6.2% bonds 2016 – 2019		
Original face value of bonds issued	**30,000,000**	30,000,000
Gross amount of bond issue costs	**(752,150)**	(752,150)
Amortisation of gross amount of bond issue costs:		
Accumulated amortisation at beginning of year	**95,609**	7,446
Amortisation charge for the current year (Note 14)	**94,060**	88,163
Accumulated amortisation at end of year	**189,669**	95,609
Unamortised bond issue costs	**(562,481)**	(656,541)
Gross amount of discounts in respect of bonds issued under terms applicable to Mizzi Applicants	**(47,100)**	(47,100)
Amortisation of gross amount of discounts:		
Accumulated amortisation at beginning of year	**5,987**	466
Amortisation charge for the current year (Note 14)	**5,890**	5,521
Accumulated amortisation at end of year	**11,877**	5,987
Unamortised amount of discounts	**(35,223)**	(41,113)
Amortised cost and closing carrying amount of the bonds	**29,402,296**	29,302,346

11. Other financial liabilities

	2011 €	2010 €
Non-current		
Amounts owed to other related party forming part of Mizzi Organistaion	**428,484**	-

These liabilities are attributable to the acquisition of bills of exchange by the company from a related party at fair value. The amounts are repayable in accordance with the terms of the bills of exchange acquired (see Note 5) and are subject to an effective interest rate of 8%.

12. Payables

	2011 €	2010 €
Current		
Amounts owed to parent company	**4,355**	6,307
Other payables	**36,938**	38,867
Accruals	**181,212**	182,724
	222,505	227,898

Amounts owed to parent company are unsecured, interest free and repayable on demand.

13. Interest receivable

	2011 €	2010 €
Interest receivable from parent company	**1,768,075**	1,913,932
Interest receivable from other related parties	**302,737**	311,748
Bank interest receivable	**135**	37
	2,070,947	2,225,717

14. Interest payable and similar charges

	2011 €	2010 €
Coupon interest payable on bonds	**1,860,014**	2,002,817
Amortisation of difference between initial net proceeds and redemption value of bonds (Note 10)	**99,950**	93,684
	1,959,964	2,096,501

15. Administrative expenses

The company's administrative expenses comprise directors' fees (see Note 17) and such other expense items incurred in the administration of the company's activities.

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2011 and 2010 relate to the following:

	2011	2010
	€	€
Annual statutory audit	**2,204**	2,204
Other assurance services	**1,550**	1,550
Tax advisory and compliance services	**375**	375
Other non-audit services	**3,270**	4,820
	7,399	8,949

16. Tax expense

	2011	2010
	€	€
Current taxation	**20**	196

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

	2011	2010
	€	€
Profit before tax	**16,635**	17,229
Tax on profit at 35%	**5,822**	6,030
Tax effect of:		
Amortisation of bond issue costs not allowable for tax purposes	**34,983**	32,789
Group relief	**(40,758)**	(38,807)
Income subject to 15% final withholding tax	**(27)**	(7)
Under provision in prior year	**-**	191
Tax charge in the accounts	**20**	196

17. Directors' emoluments

	2011	2010
	€	€
Fees	**14,500**	14,500

18. Earnings per share

Earnings per share is calculated by dividing the result attributable to owners of the company by the weighted average number of ordinary shares of Mizzi Organisation Finance p.l.c. in issue during the year.

	2011	2010
Net profit attributable to owners of the company	**€16,615**	€17,033
Weighted average number of ordinary shares in issue	**1,000**	1,000
Earnings per share	**€16.62**	€17.03

19. Related party transactions

Mizzi Organisation Finance p.l.c. forms part of the Mizzi Organisation. The Mizzi Organisation is not a legal entity and does not constitute a group of companies within the meaning of the Companies Act, Cap. 386 of the laws of Malta. The Organisation is a conglomerate of companies principally comprising Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, together with all their respective subsidiaries. The Mizzi Organisation also includes Falcon Wines & Spirits Limited and Mizzi Motors Limited, which are an integral component of the Organisation's beverage and automotive business activities. Indeed, the related operations of the Organisation and the activities of these two entities are managed on a collective basis. Mizzi Holdings Limited is the company's immediate parent (see Note 20) and also its ultimate controlling party.

The entities constituting the Mizzi Organisation are ultimately fully owned by Daragon Limited, Demoncada Holdings Limited, Demoncada Limited, Maurice Mizzi Investments Limited and Maurice Mizzi. Members of the Mizzi family in turn ultimately own and control the above mentioned companies.

Accordingly, the members of the Mizzi family, the shareholder companies mentioned above, all entities owned or controlled by the members of the Mizzi family and the shareholder companies, the associates of entities comprising the Organisation and the Organisation entities' key management personnel are the principal related parties of the entities forming part of the Mizzi Organisation. Three of the company's directors are members of the Mizzi family.

Transactions with companies forming part of Mizzi Organisation principally include advances effected by the company, mainly out of the bond issue proceeds, as disclosed in Notes 4 and 6 to the financial statements. Interest receivable earned from these transactions is disclosed in Note 13 and year-end balances in this respect are disclosed in Note 7 to the financial statements. During the current financial year, the company entered into a financial arrangement with a related party forming part of Mizzi Organisation (refer to notes 5 and 11 to the financial statements).

The company's expenditure reflected in profit or loss comprises amounts recharged from the parent company amounting to €39,445 (2010: €14,740). During the preceding financial year, the company's expenditure reflected in profit or loss further included management fees payable to the parent company amounting to €33,087.

Key management personnel compensation, consisting of remuneration and other compensation to the company's directors, has been disclosed in Note 17.

20. Statutory information

Mizzi Organisation Finance p.l.c. is a public limited liability company and is incorporated in Malta.

The immediate and ultimate parent company of Mizzi Organisation Finance p.l.c. is Mizzi Holdings Limited, a company registered in Malta, with its registered address at Mizzi Organisation Corporate Office, Testaferrata Street, Ta' Xbiex. The company's share capital is virtually entirely held by Mizzi Holdings Limited at the end of the reporting period and as at the date of authorisation for issue of these financial statements.